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TESTIMONY

Delivered by William F. Sullivan Jr., President and CEO
Visiting Nurse Services of Connecticut, Inc.

Before the Aging Committee
March 4, 2014

SUPPORT: SB244 AN ACT INCREASING HOME CARE PROVIDER RATES

Good morning Senator Ayala, Representative Serra, and honorable members of the Aging Committee. My name is Bill Sullivan, President and CEO of Visiting Nurse Services of Connecticut, Inc., one of the state's largest and oldest, nonprofit, home health care providers. Each year, we serve about 9,000 residents of Fairfield, New Haven, and Litchfield counties, including in excess of 2,000 Title XIX patients. We annually deliver 265,000 patient care visits, of which approximately 100,000 are for the Title XIX population. We have been administering home care services for more than a century.

I have served as the chief executive of VNS for over 30 years. Over that time, I have witnessed literally hundreds of challenges in home health delivery that has affected our agency. We have always responded in a positive and responsible manner, creatively navigating effective initiatives to address these new barriers and obligations, while honoring our mission of ensuring access to quality home care services for all residents of our communities, regardless of their abilities to pay, or payment source.

However, I must acknowledge that I am intensely concerned about our ability to overcome our current and projected obstacles, and finding a worthy solution. Unfortunately, inadequate Medicaid rates are threatening our ability to continue with our chartered mission. In the most recently completed fiscal year, VNS of Connecticut lost in excess of \$3.4 million dollars providing care to Medicaid and State funded patients.

We have taken measures, and continue to explore alternatives, in an attempt to mitigate our Title XIX losses that clearly impact the Title XIX patient. To illustrate:

- Our workforce has been reduced.
- VNS has eliminated our TeleHealth Program to the Medicaid patient population which had successfully realized significant patient benefits; by reducing rehospitalizations and achieving better patient outcomes.
- VNS has reduced our average patient care visits from 62 in 2009, to 48 in 2013, which increases the potential for an exasperation of the disease/illness treatment.
- VNS does not participate in the State's Money Follows the Person Program.
- We have not introduced to our Title XIX clients the VNS Integrated Chronic Care Program model which has successfully prevented reoccurring hospitalizations and nursing home placements for other patient populations.

None of these measures enacted advanced best practice clinical models. However, we were forced to take these actions in an attempt to preserve our existence, as we serve a disproportionate share of the Medicaid population. A growing number of home health care providers have exercised the financial viability path of restricting or not accepting Title XIX patients, which obviously diminishes service delivery, and imperils patient access, but maintains there solvency. The Board of Directors of my agency is asking difficult questions about how much longer we can continue down this path of Medicaid subsidizes, as they design our business direction for the future.

In the past we have used a variety of sources, led by margins in Medicare payments, to help subsidize the cost of caring for our significant Medicaid patient population. Unfortunately, those days of cross-subsidization are over. Home care agencies have seen material cuts in Medicare payments over the past couple of years, plus the imposition of the 2% sequestration reduction, and the regulated 14% cut over the next four (4) years; not included are the unfunded legislative mandates.

There needs to be a real sense of immediate urgency to instantaneously fix and address our precarious financial situation. No organization can continue to operate while sustaining operating deficits of this magnitude. (receiving \$.60 of reimbursement for each \$1.00 of allowable, reasonable, and customary cost) By investing dollars in home care the State will achieve significant returns on its investment. By ignoring the financial needs this bill addresses, you will not only be jeopardizing our viability, but will also add to a growing patient access issue, and ultimately a higher cost borne by the State for unnecessary hospitalizations and rehospitalizations, extended and needless increased hospital length of stays, and amplified nursing home placements.

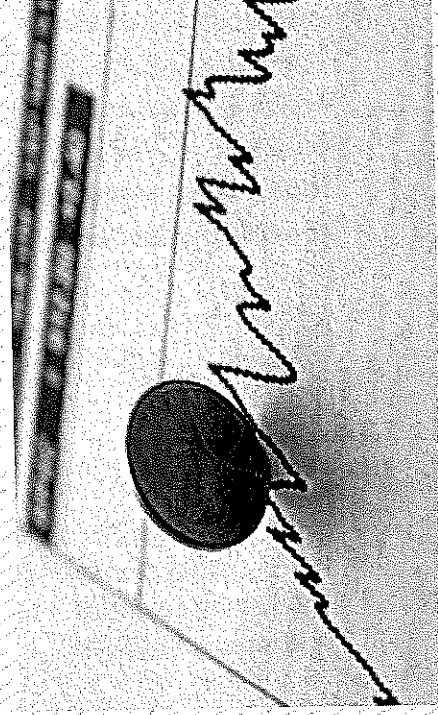
Since the adoption of the Uniform statewide "Flat Rate" system adopted by the State on July 1, 1994, home care providers have received rate increases at a dramatically lower level than other health care providers, and have also experienced many years in which rates were frozen without any recognition of cost increases. In real numbers, the cumulative rate increase for home health care since 1994 to present has been 11.6%. Thus, over this 21 year period, home care has averaged an annual increase of .55%, clearly, well below the CPI, despite increasing demands and greater awareness of the value offered.

I strongly endorse and support SB244, and I respectfully request that each of you, and your fellow legislators, enact SB244. If appropriately funded, home care does offer valued and measurable solutions to our State's foremost issues --- relief to the budgetary constraints, refocusing our health care delivery to the home, and creation of jobs. Well beyond, and arguably more imperative, an increase in reimbursement isn't as much to keep providers in business, as much as it is to fulfill the State's promise to the frail, elderly, and disabled residents, to ensure they will have the needed services under Medicaid that they have been promised and deserve. Thank you.

William F. Sullivan Jr
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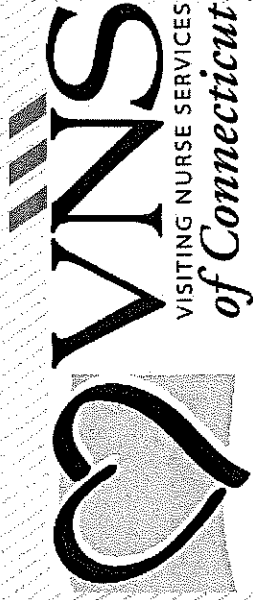
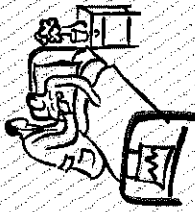


**Title XIX 5-Year Analysis for
CT Home Health Medicaid Rates
For
Visiting Nurse Services of Connecticut, Inc.
March 4, 2014**



Title XIX

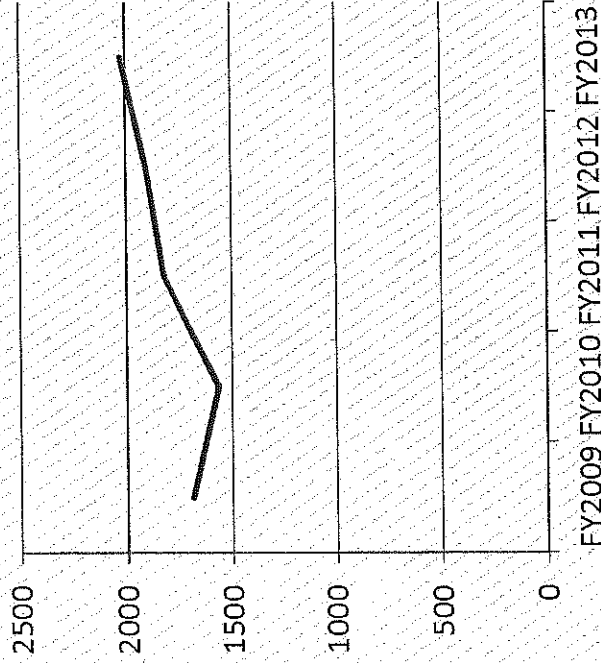
Patients and Visits



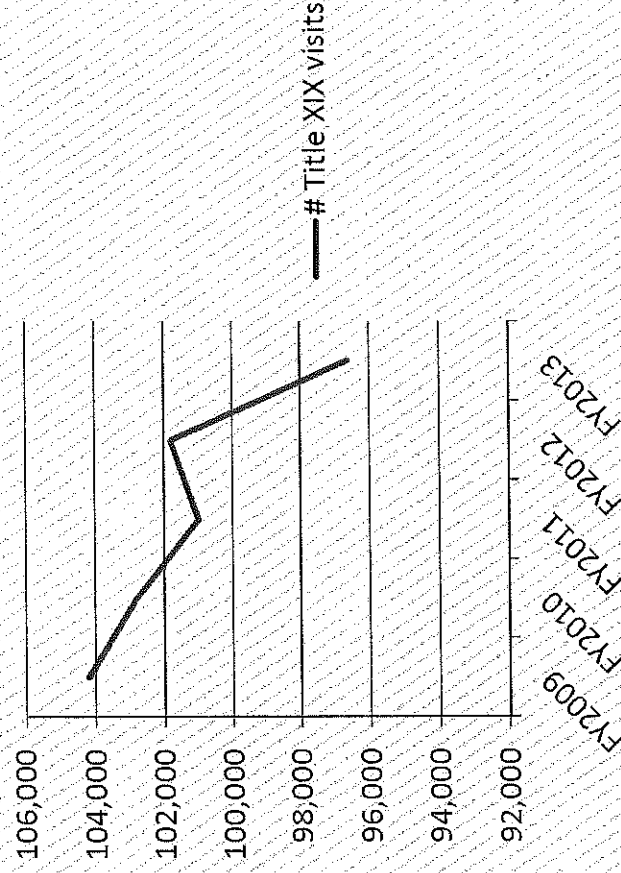
VNS
VISITING NURSE SERVICES
of Connecticut

Bringing HEART to Home Care

Title XIX patients



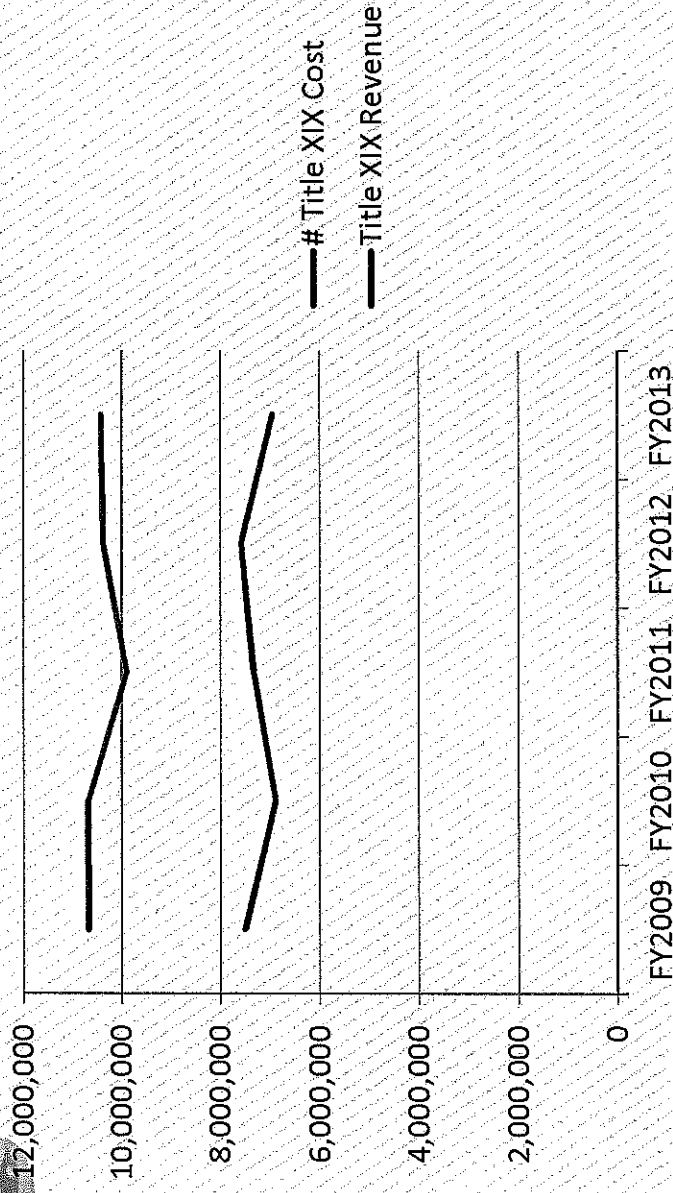
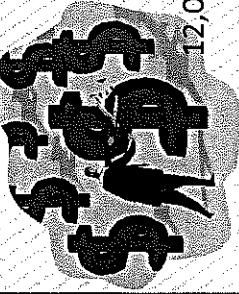
Title XIX visits



Title XIX patients served continues to increase while total Title XIX visits continues to decrease as an attempt to mitigate Title XIX loss

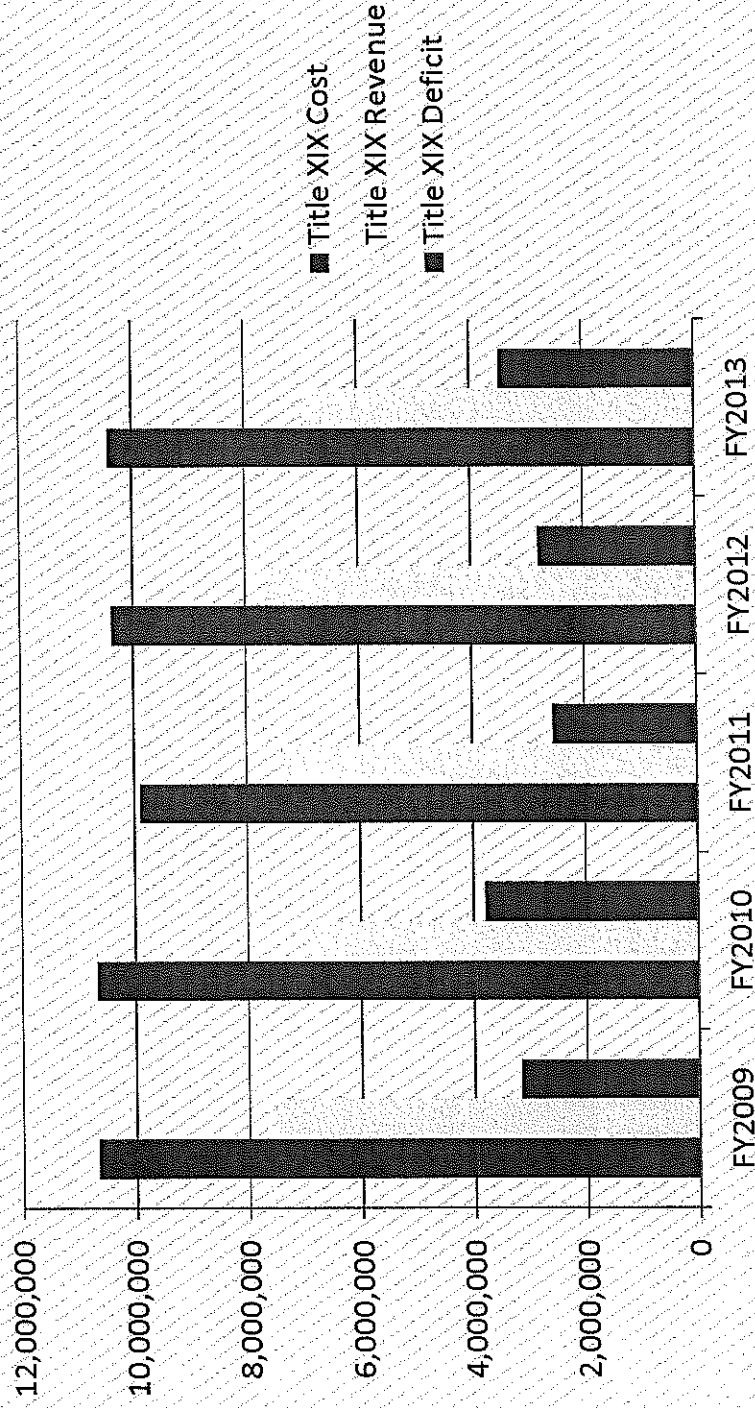
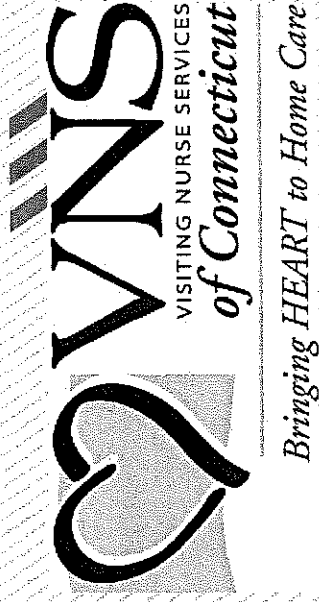
Title XIX

Cost vs. Revenue



Gap between overall Title XIX cost and Title XIX revenue is widening.....
Creating material unsustainable deficits threatening continued full participation in
the Title XIX program

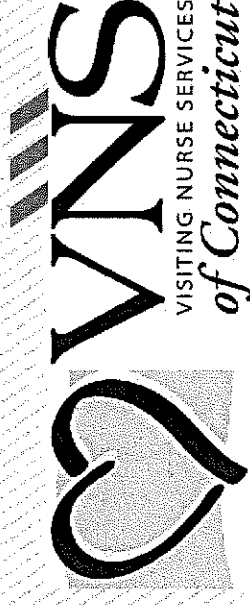
Title XIX Deficits



Title XIX

Reimbursement Rate

Vs. Medicare LUPA Rates And Actual Cost



Bringing HEART to Home Care

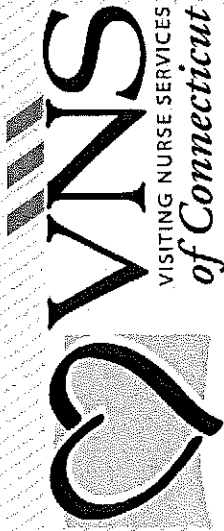
Discipline	6/30/13 Actual VNS Cost*	Current Title XIX Rate **	Medicare LUPA Rates 2014***
Skilled Nursing	\$153.14	\$116.83	\$152.03
Physical Therapy	\$155.26	\$ 80.49	\$166.21
Occupational Therapy	\$155.83	\$ 82.82	\$167.35
Speech Therapy	\$175.55	\$ 82.82	\$180.63
Medical Social Worker	\$158.48		\$243.70
Home Health Aide (visit)	\$ 64.20		\$ 68.85
Home Health Aide (hour)	\$ 47.72	\$ 32.36	

*Actual allowable reasonable and customary costs

**Includes Title XIX add-on adjusted reimbursement

***Fairfield County Medicare rates

Connecticut Medicaid Reimbursement Trends for Home Health Providers



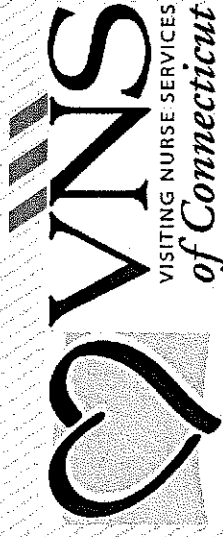
Currently, DSS Medicaid reimbursement to home care providers does not adequately cover the home care agency's reasonable and customary costs associated with patient care.

Over the 21-year period, since the adoption of the single flat rate Title XIX reimbursement system, home health providers have received 5 rate increases, however, NO increase within the past 9 years.

	Title XIX Rate Adjustment	CPI Change *	Medical CPI Change *
1994	0.0%		
1995	0.0%		
1996	0.0%		
1997	0.0%		
1998	2.1%		
1999	0.0%		
2000	2.0%		
2001	2.0%		
2002	1.5%		
2003	0.0%		
2004	0.0%		
2005	4.0%		3.40%
2006	0.0%		3.20%
2007	0.0%		2.80%
2008	0.0%		3.80%
2009	0.0%		-0.40%
2010	0.0%		1.60%
2011	0.0%		3.20%
2012	0.0%		1.70%
2013	0.0%		1.50%
2014	0.0%		
2005-2014	4.0%	20.80%	31.10%

*Source: Bureau of Labor Statistics

Cost Increase Illustration



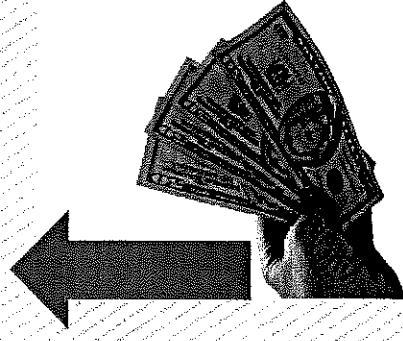
Bringing HEART to Home Care

Mileage Reimbursement

January, 2004	\$0.375
January, 2005	\$0.405
September, 2006	\$0.485
January, 2006	\$0.445
January, 2007	\$0.485
January, 2008	\$0.505
July, 2008	\$0.585
January, 2009	\$0.550
January, 2010	\$0.500
January, 2011	\$0.510
July, 2011	\$0.555
January, 2012	\$0.555
January, 2013	\$0.565
January, 2014	\$0.560

Health Insurance Premium Cost

9.20%
8.90%
15.40%
12.16%
13.00%
5.55%
6.53%
8.49%
15.00%
8.60%
10.40%



IRS Mileage reimbursement has increased by 49.3% since 2004

Health Insurance Premium costs have increased a total of 113.23% since 2004